

7.2 ECONOMIC DEVELOPMENT

7.2.1 Introduction

Shasta County's Economic Development Element is an optional element authorized by Section 65303 of the Government Code. In the context of the General Plan, economic development refers to use of multiple planning tools and economic incentives to promote business and economic activities which enhance the quality of life in Shasta County. This approach relies on blending the comprehensive role provided by local government guidance and assistance with the power of market incentives that fuel individual business decisions. Economic development planning is a complex and involved idea, but in order to enhance the quality of life, it should seek to deliberately maximize available social, economic, and environmental considerations with each opportunity presented. In simple terms, quality of life describes the "desirableness" and the general "wellness" of the community. Because of its potential to shape the man-made environment, the Economic Development Element most readily fits into the Community Development Group of elements.

7.2.2 Findings

County Economic Profile

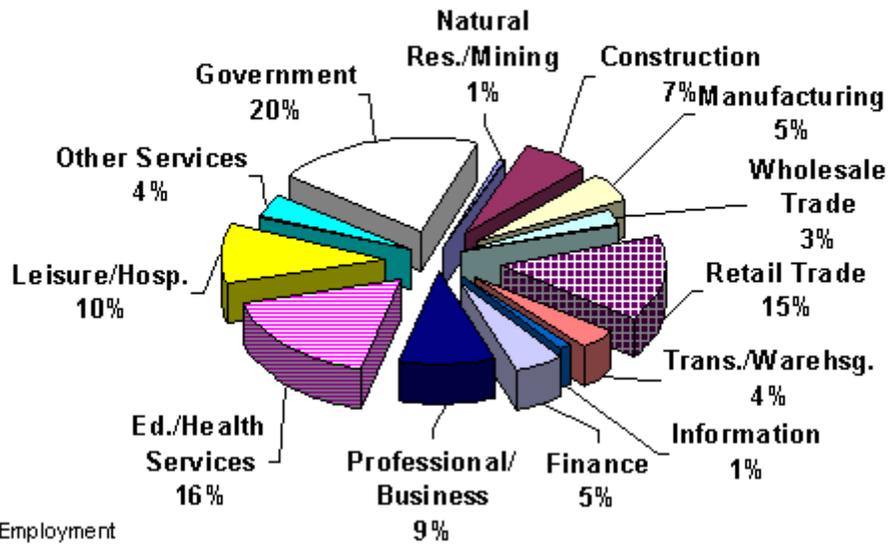
In Shasta County, the Redding area is the primary trade and commerce center for the far north central and northeastern portion of California. Indicators of sustained growth in the cities and County as a whole include increases in education employment accompanied by expansion of the construction, services, retail trade, and manufacturing industries.¹

Outdoor recreation is also an important part of the Shasta County economy. The Sacramento River joins with a large network of rivers and streams to feed Shasta Lake in the Whiskeytown-Shasta-Trinity National Recreation Area. The area, along with Shasta-Trinity and Lassen National Forests and Lassen Volcanic National Park, are major economic resources. Visitors enjoy a variety of outdoor activities and a configuration of dams provide year-round hydroelectric power and water supply for agricultural and industrial production. The Federal Central Valley Project is heavily dependent upon the water supply stored behind Shasta Dam.

Strawberries, a major crop in Shasta County, are exported internationally. Apiary products, exported to Canada, and orchard crops are just a few of the important sources of the County's agricultural income. Vast private and public timberlands provide jobs in the timber and wood products industry.

Figure ED-1 shows the proportion of jobs held by each major economic sector. An Employment Development Department forecast to 2008 shows that continued job growth is expected in all economic sectors, except lumber and wood products (Table ED-1). Expansion of the services and retail sales sectors are expected to continue domination of the Shasta County economy in the near future, while lumber and wood products are expected to continue to decline.

**FIGURE ED-1
SHASTA COUNTY EMPLOYMENT BY INDUSTRY 2004**



Source: Employment
Devlp. Dept. 2004

**TABLE ED-1
INDUSTRY EMPLOYMENT PROJECTIONS
SHASTA COUNTY 2001-2008**

INDUSTRY	AVERAGE ANNUAL EMPLOYMENT		EMPLOYMENT CHANGE	
	2001	2008	NUMBER	PERCENT
Total NonFarm	61,400	66,600	5,200	8.5
Goods Producing	8,300	8,900	600	7.2
Construction & Mining	4,000	4,300	300	7.5
Manufacturing	4,300	4,600	300	7
Durable Goods	3,200	3,700	500	15.6
Lumber & Wood Products	1,600	1,600	0	0
Other Durable Goods	1,600	2,100	500	31.3
Nondurable Goods	1,100	900	-200	-18.2
Food & Kindred Products	200	200	0	0
Other Nondurable Goods	900	600	-300	-33.3
Transportation	2,200	2,400	200	9.1
Communication & Public Utilities	1,200	1,300	100	8.3
Wholesale Trade	2,000	2,100	100	5
Retail Trade	13,000	14,500	1,500	11.5
Finance, Insurance, & Real Estate	2,100	2,700	600	28.6
Services	20,200	21,800	1,600	7.9
Federal Government	1,200	1,300	100	8.3
State Government	1,700	1,700	0	0
Local Government	9,500	10,000	500	5.3

Source: Employment Development Department - 2004

Shasta County Economic Development in the Twenty-First Century

The new realities of an increasingly global and high-tech marketplace put quality of life and the potential for high value added production on balance with the more traditional locational cost issues. Successful firms during the twenty-first century will increase their productivity and profitability by the use of skilled workers who are attentive to product design and detail. This economic trend places Shasta County in a unique position to exploit its locational attributes, and thereby build on the historical growth of its economic base by attracting firms which provide a long-term benefit to the area.

New economic conditions provide Shasta County with the potential to closely examine the quality and characteristics of businesses which may locate in the region. Economic development in the twenty-first century focuses on the quality of jobs, not simply the creation of new jobs. The formula for successful economic development involves the broad goals of increasing long-term economic prosperity (i.e., raising real per capita income and real wages per worker) and, at the same time, the quality of life.

Quality jobs are those which increase the value which is added to a commodity in the production process through increased productivity and better service to the customer. The foundations for the development of quality jobs, and therefore a more resilient economic base, are: (1) an adaptable and skilled work force, (2) accessible technology, (3) available capital, and (4) a solid physical infrastructure. This formula applies equally to agriculture, lumber and wood products, manufacturing technology, business services, and tourism.

Shasta County is in a prime location to benefit from the migration of firms out of the large metropolitan areas in Central and Southern California. Some of these migration characteristics are as follows:

- Firms which currently operate in areas experiencing an escalation in their cost and a decline in their living environment. However, these conditions do not represent the general socioeconomic environment which is expected to foster and maintain successful and growing businesses during the twenty-first century regardless of their geographic market orientation.
- The shifting economic and social conditions in California's large metropolitan centers may continue to fuel migration of particularly cost sensitive firms out of these areas. However, caution is warranted: These firms may also be less stable in terms of their respective market position, and therefore, may not offer long-term returns and stability to the community.

Quality of Life and Economic Vitality

Quality of life concerns have become important factors for many diverse interest groups, including those involved with economic development and business planning. Recent studies of business and industrial site selection processes reveal two major findings. ²

- Quality of life factors control the initial screening as well as final selection for business locations.
- Quality of life factors are used as "tie breakers" in cases where potential sites have similar cost profiles.

During the twenty-first century, quality of life concerns important to economic development efforts include:

- Transportation - Efficient transportation systems for moving people and goods are a primary requirement for business planners, as well as avoidance of long commutes by employees.
- Cost of living and housing affordability - Affordable housing and adequate housing supply near employment opportunities are an important part of the quality of life equation. Adequate wage scales are also an important component of this concern. This issue is often associated with the idea of job-housing balance.

- Education - A well educated working population and quality K-12 education systems and schools are critical to maintaining the community's vitality. The increasing focus of education dollars towards special education programs, at the expense of other efforts, may hinder ultimate success in this area, as well as to increase per capita education costs.
- Physical environment - Maintenance of environmental quality and an attractive physical environment is often an important economic development concern. Declining air quality or poorly designed urban and suburban development are examples that detract from quality of life advantages.
- Two career family economic opportunities - This issue is gaining more importance because more women are in the work force, because of declining housing affordability, and the fact that wages are not keeping up with the cost of living.³

The role of the General Plan in promoting long-term development of the attributes which give rise to the above factors should not be overlooked when developing an economic development strategy. Certain factors, such as assuring adequate infrastructure and environmental quality baselines, are directly impacted by the General Plan. Other factors, such as labor and job supply and quality of life issues, can be indirectly influenced by implementing action and programs related to the General Plan. Shasta County is in a prime location to benefit from the migration of firms out of the large metropolitan areas.

Defining Target Industries

At the level of Shasta County's economic development, a precondition for the creation, attraction, retention, and expansion of quality jobs is development of a comparative advantage to other competing regions. The County is competing for quality jobs and economic opportunity in an environment which is made up of many factors. In the past, locational advantages have been due to local natural resources. However, in light of the economic realities found subsequent to the 1990's, local communities are able to create comparative advantages based on the targeting of industry clusters.

Industry clusters are defined as concentrations of complementary and interdependent firms across several industries, including suppliers, service providers, and final product manufacturers. They derive their advantage from specialized work force pools, management expertise, readily available suppliers and support services, economies of scale and scope, ease of communication, and efficiency of transportation. The advantage of viewing economic development issues from the perspective of an industrial cluster is that such a view suggests that the type of firm, and the associated jobs which it provides, determine the potential capacity and ability to attract firms and industries in the future. In doing so, the County can take a proactive and strategic route in helping to fashion its future through use of assorted economic development concepts and tools.

In 1999, three potential target industrial businesses were evaluated by the Shasta County Economic Development Corporation.⁴ The targeted businesses and the results of these studies are described below.

1. Manufacturing of Industrial Machinery
2. Manufacturing of Medical Devices
3. Teleservices

These businesses are conducive to locating in Shasta County due to the presence of a number of the following key factors (*not listed in any priority*):

- Close proximity to markets
- Ability to attract/retrain qualified personnel
- Favorable business climate
- Favorable construction costs
- Reasonable taxes
- Quality of life
- Affordable housing
- Availability of labor at reasonable prices
- Efficient transportation facilities
- Suitable industrial building space and land
- Adequate utility services and costs
- Supporting business services
- Recreational opportunities
- Quality education

1. Manufacturing of Industrial Machinery

The EDC report for this business states that growth in several industrial classifications has contributed to the economic diversification which has occurred in the Shasta County economy in recent years. The industrial and commercial machinery industry has been one of the most important of these new sources of basic employment expansion.⁵ In describing the County's favorable business environment, EDC points to lower costs, a higher quality of life, affordable housing, and comprehensive community facilities and infrastructure that result in consistent growth patterns in the future. Furthermore, a recent edition of Expansion Management Magazine selected Shasta County as a winner of its national contest, "Manufacturing in Paradise", developed with the intent of identifying areas noted for recreation and vacation as well as prime locations for manufacturing businesses.⁶

EDC continues to state that "Newcomers to the region have a wide variety of occupations and skill levels which permit lateral shifts into most manufacturing and industrial occupations. The area's quality of life also contributes to a higher productivity rate. Major industries that have relocated to the county testify that their absenteeism and turnover rates are significantly lower compared to their urban counterparts. Not only can skilled and management level employees in Shasta County be recruited, they can be retained".⁷

2. Manufacturing of Medical Devices

The outlook for medical equipment and supplies in the United States continues to be good due to an aging population that requires more health care and emerging foreign markets that will create more demand for products. The State of California leads the U.S. in the production of medical products and supplies. The medical equipment and supplies industry has been one of the more important new sources of basic employment expansion in Shasta County.⁸

3. Teleservices

EDC's report on this potential business states that "Shasta County is well positioned to provide a profitable environment for the teleservices industry. Overall operating costs in the county appear to be 25-30 percent lower than most metropolitan areas, and the quality and quantity of available workers is well matched to the needs of the teleservices industry".⁹

EDC further states that call center recruitments for SBC and ACI Telecentrics have provided both companies with not only the quantity of applicants but quality skill sets in customer service and computer data entry. Call centers can be generally characterized by having people trained to service, sell, answer questions, or take orders over the telephone. It can be as tiny as one person in a small business calling the customer list every six months or as complex as a 1,000 person distribution tracking facility with computerized dialer, automatic call routers, and a network link directly into the client company's headquarters computer. In general, the industry is healthy, growing rapidly, profitable, and is constantly expanding.¹⁰

Shasta County is served by SBC Telephone and long distance carriers AT&T, MCI, Sprint, and Qwest. Direct dial digital service, integrated services, digital network, and route redundancy are all available. SBC maintains two 5E switches in Redding with all distance POP's connected by fiber. There appear to be no artificial limits on capacity that would hinder a call center. Line availability to T-1 HDSL lines are readily available, with installation timetables in the "less than several days" range. IDT, fiber optic, and other higher level connections are available.¹¹

In terms of the return which the Shasta County community can expect from these businesses, all have favorable benefits to the area relative to their public costs. The major economic and social benefits to the residents of the County include increased employment and business activity, higher incomes, increased opportunities for area business, and increased tax revenues for funding of local government services. None of these potential businesses are expected to create major environmental impacts directly on the region.

Economic Development Planning Tools

The County is in a position to encourage and/or provide considerable institutional support to economic development efforts that are shown to be capable of improving the quality of life. The County's chief role is to provide incentives and development guidelines that lead to improving quality of life. Existing institutional incentives in place in Shasta County include the following:

Enterprise Zone - The Shasta Metro Enterprise Zone comprises 31,953 acres or nearly 50-square-miles and includes four separate jurisdictions, each with its own incentive capabilities (see Figure ED-2). The Enterprise Zone extends through portions of the City of Redding, Shasta County, the City of Shasta Lake, and the City of Anderson. Some of the Enterprise Zone's special incentives include sales and use tax credits, hiring assistance tax credits, special business expense deductions, and location midway on the Interstate 5 corridor.

Redevelopment Agency - There are two joint redevelopment plans which are being utilized to reduce blight and provide economic revitalization through public infrastructure improvements, building rehabilitation, land assembly, provision of affordable housing, elimination of unsafe and incompatible conditions and land use, and other neighborhood improvement and commercial revitalization measures. These plans involve the areas surrounding the Redding Municipal Airport and the Buckeye area. The Airport area plan involves the Cities of Redding and Anderson, and Shasta County. The Buckeye Redevelopment Plan is a joint effort between the City of Redding and Shasta County. Eventually, the County may wish to consider proposing redevelopment plans for other urban fringe areas or town centers.

Community Development Block Grants - Community Development Block Grants are provided on a statewide competitive basis for infrastructure development which promotes economic development and for low and moderate income housing rehabilitation and self-help construction. Shasta County's Community Action Agency has traditionally worked with this grant program.

Continued support of Economic Development Corporation - The Shasta County Economic Development Corporation (EDC) provides economic development promotion and direct assistance through a variety of means. The EDC was originally formed in 1957 with the objective to promote and encourage a balanced economic growth of Shasta County. Today, Directors of the EDC are named by its permanent members, the County of Shasta, the City of Redding, the City of Anderson, the City of Shasta Lake, and the Chamber of Commerce for Redding, Anderson, Cottonwood, Burney, and Fall River. Operating under its Shasta 2006 program, this project focuses its efforts in five main areas:

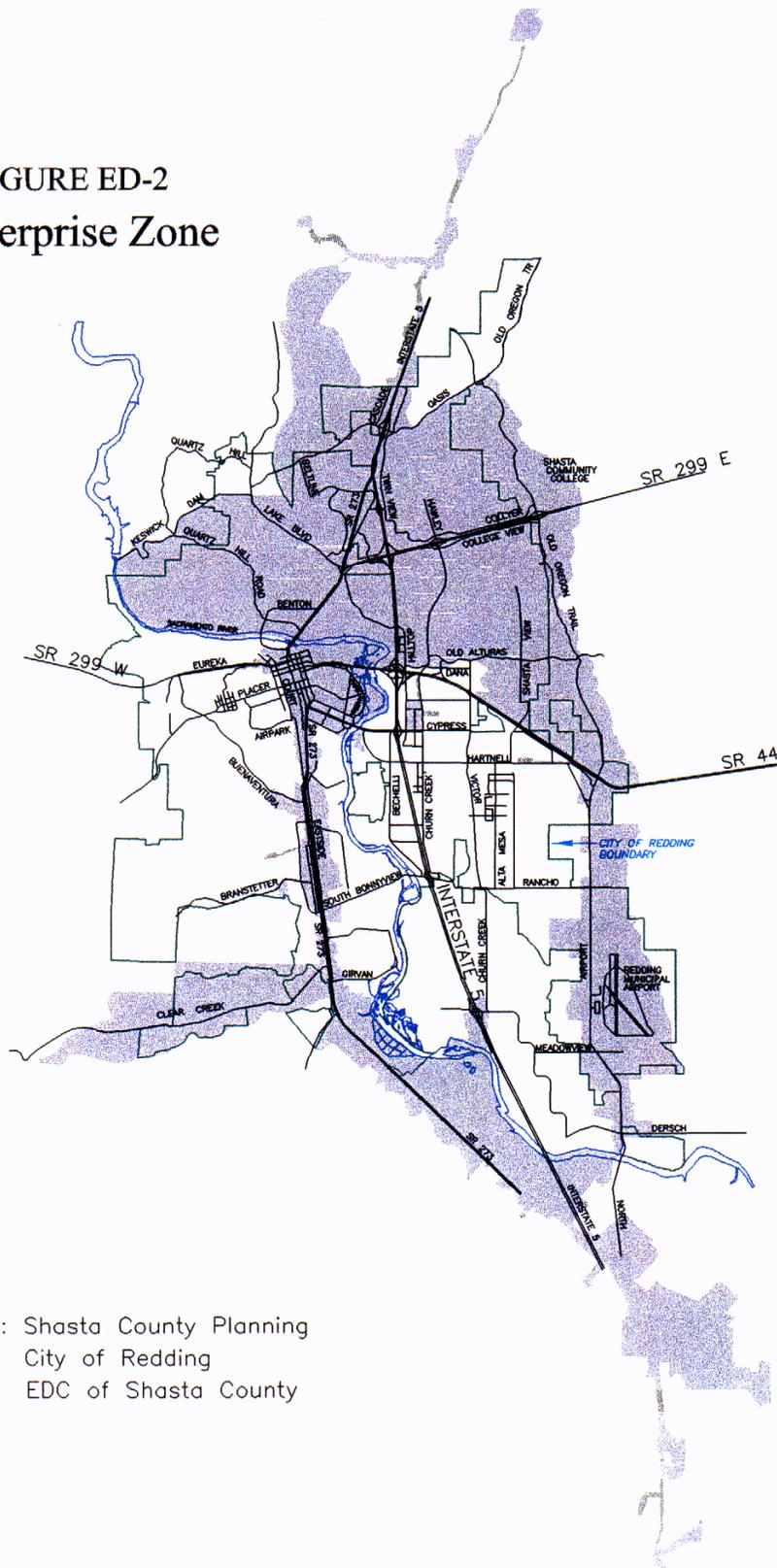
- Business Development
- Expansion and Retention of Existing Industry
- External Media Relations
- Special Projects
- Workforce Development

The EDC also provides major assistance for the Shasta Metro Enterprise Zone, data on industrial property, incubator and industrial park programs, Small Business Administration loans, economic development promotion of targeted industry clusters as well as other economic development efforts. The County and its Cities all contribute financially to the support of the EDC.

Through the General Plan and its implementing programs, Shasta County has a number of tools which can guide and enhance local economic development efforts. The overall General Plan goal to improve the quality of life is also directed toward the County's economic development efforts.

Key to the County's involvement in economic development is the provision of an adequate supply of commercial and industrial lands with the ability to provide the public infrastructure needed to encourage business investment, particularly for targeted industry sectors. In terms of housing, the County plays a key role in developing the overall pattern of urban and town center expansion and, as such, can marginally impact housing and land costs, as well as the per capita public services costs, environmental quality, and other externalized growth costs.

FIGURE ED-2
Enterprise Zone



Source: Shasta County Planning
City of Redding
EDC of Shasta County

The County can also work to promote the tourism and resource based economy by supporting vitalization of key natural resources, such as its timberlands, viewsheds, lakes, and waterways. Some specific tools available to the County which can act to promote quality economic development include:

- Developing, supporting, and enhancing a design review program for countywide and town center needs. A Design Review Element is included in the General Plan to guide such an effort.
- Strongly support the County's resource based economy by not allowing residential development to encroach into these areas.
- Develop and expand efforts to strengthen the vitality of urban and town commercial centers. Supporting infill development and discouraging residential development proposals located outside of planned town centers are examples of such efforts.
- Assure that large development projects provide long-term net benefits to local government and the local economy, in general.
- Provide support for vitalization of cottage industries, particularly those based on specialized use of local natural resources, including home occupations and direct marketing of agricultural products.

7.2.3 Objectives

- ED-1 Economic development plans, programs, and policies shall contribute to a stable and healthy economy in Shasta County, which includes provision of a land development pattern, planning process, and regulatory atmosphere conducive to maintaining employment opportunities for County residents and fostering new economic development.
- ED-2 Seek economic diversity that increases the variety, type and scale of business, industrial, and manufacturing activities.

7.2.4 Policies

- ED-a Economic growth and activity in accordance with adopted plans shall be encouraged in areas that have existing under-utilized public service capacities. The County shall work with other agencies and economic development groups in developing programs where basic services needed for development can be provided to attract businesses and manufacturers with strong employment to capital investment ratios.
- ED-b Encourage utilization of all available tools such as redevelopment, enterprise zones, housing and employment development grants, design review programs, and timing of capital improvements to achieve economic development objectives.
- ED-c It is a basic economic development principle to provide for the revitalization of deteriorated areas in the County. First priority shall be given to commercial and residential areas in town centers. Revitalization strategies shall include education programs and low interest loans or grants for the upkeep and rehabilitation of structures, marketing and development attractions, and the use of California Redevelopment Law to promote such revitalization.

ED-d Support economic development programs which encourage the maintenance and/or strengthening of existing communities by promoting job diversity and security, pay scales consistent with housing affordability, geographic location consistent with community design and identity and which promote enrichment of community centers. Do not support economic development which: 1) encourages increased traffic with longer commutes and air quality impacts, 2) is located away from planned community centers, or 3) acts to dislocate the development rate of these planned centers, and 4) does not promote efficient use of land and public service resources, or 5) which contributes to a development pattern which sees a declining quality of life.

ED-e The County, during periodic updating of its Zoning Ordinance, should study and review methods which encourage further reduction of processing time for permits which are standard and routine in nature.

Footnotes:

1. Annual Planning Information, California Employment Development Department, 1991, pg 2
2. Quality of Life and Business Development, Lawrence J. Baack, Chief economist, Pacific Gas and Electric Company, reprint, 1990
3. The Location, Demographics and Determination of the Labor Supply, PHH Fantus Corporation, Presented to the Industrial Development Research Council at its Fall, 1991 World Congress.
4. "Assessment of Shasta County, California for the Manufacturing of Industrial Machinery", Shasta County Economic Development Corporation, October 1999.
5. Ibid, pg. 3.
6. Ibid, pg. 13.
7. Ibid, pg. 13.
8. Ibid, pg. 1.
9. Ibid, pg. 1.
10. Ibid, pg. 2.
11. Ibid, pg. 6.

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